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**ZACHARY COMMUNITY SCHOOL BOARD****ZACHARY, LOUISIANA****JUNE 30, 2004**

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Release Date 3-23-05

**Postlethwaite & Netterville**

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**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2004**

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**Postlethwaite & Netterville**

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**INDEPENDENT AUDITORS' REPORT**

The Members of the  
Zachary Community School Board  
Zachary, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zachary Community School Board (the School Board) as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2004, and the respective changes in financial positions thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*; Statement No. 37, *Basic Financial Statements—For State and State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and pages 30 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying other supplementary information on pages 33 through 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 50 through 61 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baton Rouge, Louisiana  
December 10, 2004

**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

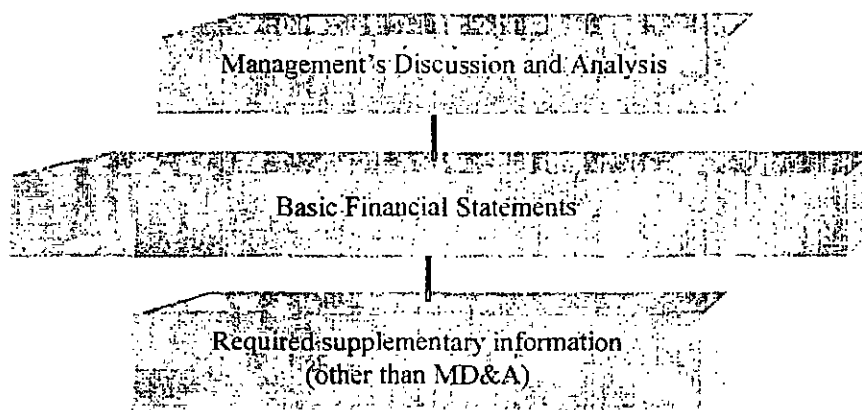
The Management's Discussion and Analysis of the Zachary Community School Board's financial performance presents a narrative overview and analysis of Zachary Community School Board's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

**FINANCIAL HIGHLIGHTS**

- ★ The Zachary Community School Board's assets exceeded its liabilities at the close of fiscal year 2004 by \$5,221,999.
- ★ Revenues exceeded expenses by \$5,774,689 at the end of the year.
- ★ State MFP funds were approximately \$12 million for the fiscal year 2004.
- ★ Long-term debt of \$800,000 was paid off during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**Government -wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to private sector business.

The *statement of net assets* presents information on all of the School Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the school Board is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (e.g., uncollected taxes and earned by unused sick leave).

Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include regular and special education programs, support services, administration, maintenance, student transportation, and school food services. The school Board contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

**Fund financial statements.** A *fund* is grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains dozens of individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Parishwide Sinking Fund, and the Construction Fund, all of which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

The School Board adopts annual appropriated budgets for the General Fund and Special Revenue Funds. Budgets were not adopted for Capital Projects Funds and Debt Service Funds. As such, a budget to actual was not prepared for the Parishwide Sinking and the Construction Fund although they were classified as major funds.

**Fiduciary funds.** Fiduciary Funds are used to account for resources held for the benefit of outside parties such as students. Fiduciary funds are not reflected in the government-wide financial statements because of the resources of those funds are not available to support the School Board's programs. The sole fiduciary fund of the School board is the School Activity Fund, which contains monies belonging to the schools, their students, and clubs and other activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

**FINANCIAL ANALYSIS OF THE ENTITY**

Changes in Net Assets  
for the years ended June 30, 2004

<b>Revenues</b>	
Charges for services	\$ 362,050
Operating grants	1,860,808
<b>General revenues</b>	
Property taxes	3,811,429
Sales taxes	5,262,071
Earnings on Investments	16,180
MFP	12,003,914
Other	2,761,858
	<u>26,078,310</u>
<b>Expenses</b>	
Regular education	7,910,698
Special education	1,788,779
Other education	757,088
Pupil support	730,499
Instructional staff	649,035
General administrative	2,513,752
School administrative	888,647
Business and central services	707,277
Plant operation and maintenance	1,705,033
Transportation	1,248,196
Food service	1,126,976
Facility acquisitions and construction	225,560
General administration (debt service)	11,063
Interest and bank charges (debt service)	-
	<u>20,262,603</u>
<b>Excess of revenues over expenses</b>	<b>\$ <u>5,815,707</u></b>

- Investments account for 7% of the total assets of the School Board.
- Capital assets, which are reported net of accumulated depreciation, account for 37% of the total assets of the School Board for the most recent year ended.
- Net assets invested in capital assets account for 52% of total net assets reported as of June 30, 2004.
- Unrestricted net assets accounted for 48% of total net assets.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

Changes in Net Assets  
for the years ended June 30, 2004

<b>Revenues</b>	
Charges for services	\$ 362,050
Operating grants	1,860,808
<b>General revenues</b>	
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	<u>26,078,310</u>
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General administration (debt service)	11,063
Interest and bank charges (debt service)	-
	<u>20,262,603</u>
 Excess of revenues over expenses	 \$ <u>5,815,707</u>

**Change in net Assets**

- MFP which accounts for 46% of total revenues totaling approximately \$12 million.
- Property taxes account for 15% of total revenues.
- Most other revenues are significant due to the gain on assets transferred from the East Baton Rouge Parish School System at July 1, 2003.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2004, the Zachary Community School Board had \$2,730,684 invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

Operations in the schools began July 1, 2003. A significant amount of the assets were transferred in an intergovernment agreement with the East Baton Rouge Parish School System.

Capital Assets at Year-end  
(Net of Depreciation)

	<u>2004</u>
Land	\$ 236,413
Buildings and improvements	1,372,202
Equipment, fixtures, and vehicles	1,074,539
Food Service	<u>47,530</u>
Totals \$	<u><u>2,730,684</u></u>

**Long-term debt**

During the fiscal year 2004, the School Board had a revenue anticipation note with a limit of \$800,000. This principal balance plus interest was paid off in January 2004. In June 2004, the School Board accepted a bid for the purchase of \$10,000,000 of General Obligation School Bonds, Series 2004, of the School District No.1 of the Zachary Community, State of Louisiana to finance construction and improvement projects.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2004**

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Sales Taxes were relatively consistent with expectations. The expenses were consistent with original budgets.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Zachary Community School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Property tax millages will be the same as prior years.
- General Fund and other funds revenues and expenditures are expected to remain consistent with current years.
- The School Board issued School Bonds using the proceeds to fund significant construction activity in the next fiscal year.

The Zachary Community School Board expects that next year's results to be consistent with the current year.

**CONTACTING THE ZACHARY COMMUNITY SCHOOL BOARD'S MANAGEMENT**

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Gordon Robertson, Business Manager, Zachary Community School Board, 4656 Main Street, Zachary, LA 70791.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**ASSETS**

Cash and cash equivalents	\$ 2,241,809
Investments	500,405
Receivables	1,567,011
Inventory	16,136
Prepaid expenses	306,030
Land, building , and equipment, net	<u>2,730,684</u>
 TOTAL ASSETS	 <u>\$ 7,362,075</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Salaries, payroll deduction and expenses payable	\$ 967,450
Deferred revenues	24,324
Compensated absences payable	1,006,605
Long-term liabilities	
Due within one year	-
Due in more than one year	<u>100,000</u>
 TOTAL LIABILITIES	 <u>2,098,379</u>

**NET ASSETS**

Invested in capital assets	2,730,684
Unrestricted	360,136
Designated for future operations	<u>2,172,876</u>
 TOTAL NET ASSETS	 <u>\$ 5,263,696</u>

The accompanying notes are an integral part of this statement.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Asset
					Governmental
					Unit
<b>Functions/Programs</b>					
Instruction:					
Regular education programs	\$7,910,698	\$ -	\$493,926	\$ -	(\$7,416,772)
Special education programs	1,788,779	-	111,688	-	(1,677,091)
Other education programs	757,088	-	47,271	-	(709,817)
Support Services:					
Pupil support services	730,499	-	45,611	-	(684,888)
Instructional staff services	649,035	-	40,525	-	(608,510)
General administration services	2,513,752	-	156,953	-	(2,356,799)
School administration services	888,647	-	55,485	-	(833,162)
Business and central services	707,277	-	44,161	-	(663,116)
Plant operation and maintenance	1,704,350	-	106,458	-	(1,597,892)
Transportation	1,248,196	-	77,934	-	(1,170,262)
Non-Instructional Services:					
Food service	1,126,976	362,050	653,280	-	(111,646)
Facility acquisition and construction	225,560	-	27,516	-	(198,044)
Debt Service:					
General administration	11,063	-	-	-	(11,063)
Interest	-	-	-	-	-
Total Governmental Activities	\$20,261,920	362,050	1,860,808	-	(18,039,062)
<b>Local sources</b>					
Taxes:					
Ad valorem					3,811,429
Sales and use taxes					5,262,071
Earnings on investments					16,180
Other					104,691
State sources					
Unrestricted grants-in-aid					12,003,914
Other					58,677
Gain on transfer of title of fixed assets					2,582,241
Gain on sale of fixed assets					16,249
Total general revenues and special items					23,855,452
Excess of revenues over expenses					5,816,390
Net Assets - July 1, 2003					(552,694)
Net Assets - June 30, 2004					\$5,263,696

The accompanying notes are an integral part of this statement.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2004**

	General	School Food Service	Capital Projects	Other Governmental	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 2,216,519	\$ 3,596	\$ 13,433	\$ 8,261	\$ 2,241,809
Investments	500,405	-	-	-	500,405
Receivables	1,165,045	8,218	-	393,748	1,567,011
Due from other funds	802,694	-	-	-	802,694
Prepaid expenses	150,180	-	150,000	5,850	306,030
Inventory	-	16,136	-	-	16,136
<b>TOTAL ASSETS</b>	<b>\$ 4,834,843</b>	<b>\$ 27,950</b>	<b>\$ 163,433</b>	<b>\$ 407,859</b>	<b>\$ 5,434,085</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Salaries, payroll deductions and expenses payable	931,819	403	32,397	\$ 2,831	\$ 967,450
Deferred revenues	10,000	14,324	-	-	24,324
Due to other funds	-	162,136	243,163	397,395	802,694
<b>TOTAL LIABILITIES</b>	<b>941,819</b>	<b>176,863</b>	<b>275,560</b>	<b>400,226</b>	<b>1,794,468</b>
Fund balances:					
Designated for future operations	2,172,876	-	-	-	2,172,876
Unreserved, undesignated	1,720,148	(148,913)	(112,127)	7,633	1,466,741
<b>TOTAL FUND BALANCES</b>	<b>3,893,024</b>	<b>(148,913)</b>	<b>(112,127)</b>	<b>7,633</b>	<b>3,639,617</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,834,843</b>	<b>\$ 27,950</b>	<b>\$ 163,433</b>	<b>\$ 407,859</b>	<b>\$ 5,434,085</b>

The accompanying notes are an integral part of this statement.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

Total Fund Balances - Governmental Funds		\$	3,639,617
Cost of capital assets at June 30, 2004	\$	8,812,549	
Less: Accumulated Depreciation as of June 30, 2004:			
Buildings		(4,662,465)	
Movable property		<u>(1,419,400)</u>	<u>2,730,684</u>
Long-term liabilities at June 30, 2004:			
Bonds payable		(100,000)	
Compensated absences payable		<u>(1,006,605)</u>	<u>(1,106,605)</u>
Total Net Assets at June 30, 2004 - Governmental Activities		\$	<u><u>5,263,696</u></u>

The accompanying notes are an integral part of this statement.



**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**GOVERNMENTAL FUNDS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	General	School Food Service	Capital Projects	Other Governmental	Total
<b><u>REVENUES</u></b>					
Local sources:					
Taxes:					
Ad valorem taxes	\$ 3,811,429	\$ -	\$ -	\$ -	\$ 3,811,429
Sales and use tax	5,262,071	-	-	-	5,262,071
Food Sales	-	362,050	-	-	362,050
Earnings on investments	15,665	515	-	-	16,180
Other	104,691	-	13,433	18,298	136,422
State sources:					
Unrestricted grants-in-aid	11,973,374	30,540	-	-	12,003,914
Restricted grants-in-aid	458,224	-	-	24,491	482,715
Other	58,677	-	-	-	58,677
Federal sources:					
Restricted grants-in-aid - direct	44,636	-	-	-	44,636
Restricted grants-in-aid - subgrants	-	508,011	-	718,810	1,226,821
Commodities - United States Department of Agriculture	-	74,903	-	-	74,903
Total revenues	<u>21,728,767</u>	<u>976,019</u>	<u>13,433</u>	<u>761,599</u>	<u>23,479,818</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Instruction:					
Regular education programs	6,714,599	-	-	118,963	6,833,562
Special education programs	1,671,287	-	-	119,761	1,791,048
Other education programs	624,877	-	-	237,934	862,811
Support services:					
Pupil support services	690,096	-	-	53,565	743,661
Instructional staff services	508,545	-	-	133,875	642,420
General administration services	2,488,132	-	-	-	2,488,132
School administration services	879,590	-	-	-	879,590
Business and central services	908,011	-	-	59,175	967,186
Plant operation and maintenance	1,650,888	-	-	-	1,650,888
Transportation	1,177,061	-	-	5,735	1,182,796
Non-instructional services:					
Food service	107	1,124,932	-	-	1,125,039
Facility acquisition and construction	-	-	225,560	-	225,560
Debt service:					
General administration	11,063	-	-	-	11,063
Principal retirement	800,000	-	-	-	800,000
TOTAL EXPENDITURES	<u>18,124,256</u>	<u>1,124,932</u>	<u>225,560</u>	<u>729,008</u>	<u>20,203,756</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,604,511</u>	<u>(148,913)</u>	<u>(212,127)</u>	<u>32,591</u>	<u>3,276,062</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**GOVERNMENTAL FUNDS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	General	School Food Service	Capital Projects	Other Governmental	Total
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating transfers in	\$ 24,958	\$ -	\$ -	\$ -	\$ 24,958
Proceeds from long-term debt	250,000	-	-	-	250,000
Proceeds from issuance of bonds	-	-	100,000	-	100,000
Proceeds from sale of fixed assets	16,249	-	-	-	16,249
Operating transfers out	-	-	-	(24,958)	(24,958)
TOTAL OTHER FINANCING SOURCES (USES)	291,207	-	100,000	(24,958)	366,249
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u></b>	3,895,718	(148,913)	(112,127)	7,633	3,642,311
Fund balances, June 30, 2003	(2,694)	-	-	-	(2,694)
FUND BALANCES, JUNE 30, 2004	\$ 3,893,024	\$ (148,913)	\$ (112,127)	\$ 7,633	\$ 3,639,617

The accompanying notes are an integral part of this statement.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS -**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2004**

Total Net Changes in Fund Balance - Governmental Funds		\$ 3,642,311
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Capital Assets:

Gain on transfer of title of fixed assets	\$ 2,582,241	
Capital outlay capitalized	490,011	
Depreciation expense for year ended June 30, 2004	(341,568)	2,730,684

Long Term Debt:

Principal portion of debt service payments	800,000	
Proceeds from long-term debt	(250,000)	
Bonds issued during the year	(100,000)	
Excess of compensated absences earned over amounts used	(1,006,605)	(556,605)

Change in Net Assets - Governmental Activities		\$ 5,816,390
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The accompanying notes are an integral part of this statement.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**STATEMENT OF FIDUCIARY NET ASSETS**  
**BALANCE SHEET**  
**JUNE 30, 2004**

**ASSETS**

Cash and cash equivalents	\$ 363,594
	<hr/>
Total assets	\$ 363,594
	<hr/>

**LIABILITIES AND FUND EQUITY**

Liabilities:	
Deposits due others	\$ 363,594
	<hr/>
Total liabilities	363,594
	<hr/>
Fund equity	-
	<hr/>
Total liabilities and fund equity	\$ 363,594
	<hr/>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the School Board's significant policies.

**a. Reporting Entity**

Effective July 1, 2003, The Zachary Community School Board (School Board) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district. The School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 for the purpose of providing public education for the residents of Zachary Community. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed, and to determine local supplement to their salaries. The School Board is currently comprised of 9 members who are elected for a term of four years.

The School Board operates 4 schools within the community with a total enrollment of approximately 3,200 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship. Certain units of local government, over which the School Board exercises no oversight responsibility, such as the city police jury, other independently elected city officials, and municipalities within the city, are excluded from the financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity.

**b. Fund Accounting**

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

b. **Fund Accounting** (continued)

Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the School Board's governmental fund types:

**General Fund** - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in other funds.

**Special Revenue Funds** - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal and state grant and entitlement programs established for various educational objectives.

**Debt Service Fund** - The Debt Service Fund, established to meet requirements of bond ordinances, is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Fund** - The Capital Projects Fund was established to account for capital improvements, including construction of new facilities and renovations.

**Fiduciary Fund Type - Agency Funds:**

Fiduciary funds are used to account for assets held by the School Board in a trustee or agency capacity. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations.

c. **Basis of Accounting**

The School Board's Basic Financial Statements consist of the government-wide statements on all of the non-fiduciary funds activities and fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the propriety fund financial statements to the extent that those standards do not conflict or contradict guidance of the GASB.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

d. **Measurement Focus/Basis of Accounting**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the school board, except for the Fiduciary Fund. The Fiduciary Fund is only reported in the Statement of Net Fiduciary Assets at the Fund Financial Statement level.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from the exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Reporting for Nonexchange transactions*.

**Program Revenues**

Program revenues included in the Statement of Activities are derived directly from parties outside of the school board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the school board's general revenues.

**Allocation of Indirect Expenses**

The school board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function. Depreciation on the buildings is assigned to the general administration function due to the fact that school buildings serve multiple purposes. Interest on long term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Fund Financial Statements**

**Governmental Funds**

The accounting and financial reporting treatments applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

d. **Measurement Focus/Basis of Accounting** (continued)

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Such revenue items are ad valorem taxes, sales taxes and state and federal entitlements. Sales and use taxes and ad valorem taxes are considered "available" when expected to be collected within the next two months. Revenue from state and federal grants is recorded when the reimbursable expenditures have been incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees and general long-term obligations principal and interest payments are recognized only when due.

e. **Budget and Budgetary Accounting**

The proposed budgets for fiscal year 2004 were completed and made available for public inspection at the School Board office. A public hearing was held for suggestions and comments from taxpayers. The proposed fiscal year 2004 budgets were formally adopted by the School Board after the public hearing. The budgets, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds, were published in the official journal ten days prior to the public hearings.

The budgets for the General and Special Revenue Funds were prepared on the modified accrual basis of accounting. Formal budgetary integration is used during the year as a management control device. Any part of appropriations which is not expensed is reappropriated in the next year. Current year transactions which are directly related to prior year's budget are reappropriated in the current year.

*The School Board is authorized to transfer amounts between line items within any fund. When actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the School Board in an open meeting. Budgeted amounts included in the financial statements include the original adopted budget and all subsequent amendments.*

f. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.



**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

g. **Cash, Cash Equivalents, and Investments**

Under state law, the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, notes, bills, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit and money market accounts. These deposits are stated at cost, which approximates market. Under state law, the resulting bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

h. **Federal Grants Receivable**

Federal grants receivable consists of receivables for reimbursement of expenditures under various federal programs and grants. All amounts are expected to be collected within the next twelve months.

i. **Inventory**

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Education. The commodities are recorded as revenues and expenses when consumed. All inventory items purchased are valued at the lower of cost (first-in, first-out) or market, and donated commodities are assigned values based on information provided by the United States Department of Agriculture.

j. **Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where the actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of the donation. The system for the accumulation of fixed asset cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the GWFS, but are not recorded in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the school board, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 40 years for buildings and 3 to 20 years for equipment.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**j. Capital Assets (continued)**

The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Amounts expended for such items prior to June 30, 2001 were considered to be part of the cost of buildings or other immovable property such as stadiums. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives as with all other capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**k. Compensated Absences**

All 12-month employees earn from 10 to 20 days of vacation leave each year, depending on length of service with the School Board. Vacation leave may be accumulated up to 50 days. The School Board will pay up to 50 days of unused vacation upon separation. The remaining balance is forfeited.

All school board employees earn 10 to 12 days of sick leave each year depending on the number of months employed within a year. Sick leave may be accumulated without limitation. Upon death or retirement, a maximum of 25 days of unused sick leave is paid to the employee or designated heir at the employee's current rate of pay. Under the Louisiana Teacher's Retirement System, the unused sick leave is used in the retirement benefit computation as earned service. Under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rest and recuperation and professional and cultural improvement.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken, or when employees or their heirs are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

**l. Sales, Use and Property Taxes**

The voters of the Zachary Community School District authorized the school board to levy a two percent system wide sales and use tax. A one percent Zachary Community School Board Sales and Use Tax approved on April 7, 2001 is to be used for the purpose of acquiring, constructing, improving, maintaining and operating public elementary and secondary schools, including school related buildings, equipment and facilities with the geographic boundaries of the Zachary Community School System, subject to funding into bonds in the manner provided by Sub-Part F, Part III, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

l. **Sales, Use and Property Taxes** (continued)

A one percent Zachary Community Educational Facilities Improvement District Sales and Use Tax approved on April 7, 2001 is to be used to pay the costs of acquiring, constructing, improving, maintaining, and operating the public elementary and secondary schools and school related buildings, equipment and facilities, within and for the Zachary Community School System, and paying salaries and benefits of school system personnel.

Ad valorem taxes are collected by the East Baton Rouge Parish Tax Collector's Office and remitted to the School Board on a monthly basis. Values are established by the East Baton Rouge Parish Assessor's Office each year.

Ad valorem taxes are assessed and levied on a calendar year basis, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable by November 15. An enforceable lien attaches on the property as of November 15. As of December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the fiscal year.

m. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities to the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. **Interfund transactions**

During the course of normal operations, the School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

2. **Ad Valorem Taxes**

The following is a summary of authorized and levied parishwide ad valorem taxes collected during the fiscal year ended June 30, 2004:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Constitutional	5.00	5.00
Special	38.20	38.20

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Cash and Investments**

At year end, the carrying amount of the School Board's deposits was \$2,241,809 and the bank balance was \$3,087,882. Of the bank balance, \$135,661 was secured by federal depository insurance, and \$2,952,221 was secured by collateral held by the pledging bank but not in the Board's name (GASB Category 3).

The School Board's investments at June 30, 2004 consist of Federal Home Loan Mortgage Corporation and are stated at fair value. Fair value is determined by quoted market prices. The investments are held by the broker's or dealer's trust department or agent, but not in the School Board's name.

**4. Due From/To Other Funds**

Individual balances due from/to other funds are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 802,694	\$ -
Special Revenue Funds:		
Title I	-	124,863
Vocational Education	-	9,527
Title IV	-	3,425
Title V	-	2,447
Special Education	-	146,790
Educational Technology	-	16,342
Title II	-	88,151
School Food Service	-	162,136
Debt Service	-	5,850
Capital Projects	-	243,163
Total	<u>\$ 802,694</u>	<u>\$ 802,694</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2004 is as follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment, Fixtures, &amp; Vehicles</u>	<u>Food Service</u>	<u>Total</u>
Cost at June 30, 2003	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	236,413	6,034,667	2,228,446	313,023	8,812,549
Deletions	-	-	-	-	-
Cost at June 30, 2004	<u>\$ 236,413</u>	<u>\$ 6,034,667</u>	<u>\$ 2,228,446</u>	<u>\$ 313,023</u>	<u>\$ 8,812,549</u>
Accumulated depreciation at June 30, 2003	\$ -	\$ -	\$ -	\$ -	\$ -
Additions (* see below)	-	4,662,465	1,153,907	265,493	6,081,865
Deletions	-	-	-	-	-
Accumulated depreciation at June 30, 2004	<u>\$ -</u>	<u>\$ 4,662,465</u>	<u>\$ 1,153,907</u>	<u>\$ 265,493</u>	<u>\$ 6,081,865</u>
Capital assets, net of depreciation at June 30, 2004	<u>\$ 236,413</u>	<u>\$ 1,374,202</u>	<u>\$ 1,074,539</u>	<u>\$ 47,530</u>	<u>\$ 2,730,684</u>

\* Depreciation expense of \$341,568 for the year ended June 30, 2004 was charged to the following governmental functions:

Regular Education	\$ 71,754
Special Education	18,442
Other Educational Programs	8,884
Pupil Support Services	7,657
Instructional Staff Services	6,615
General Administrative Services	25,620
School Administrative Services	9,057
Business and Central Services	10,327
Plant Operation and Maintenance	107,046
Transportation	65,400
Food Service	10,766
	<u>\$ 341,568</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Capital Assets** (continued)

As part of the secession of the district effective July 1, 2003, the EBRPSS and School Board entered into an intergovernment agreement to transfer ownership of specific assets within the Zachary Community. Capital assets with a total cost of \$8,322,538 and accumulated depreciation of \$5,740,297 were transferred from EBRPSS to the Zachary Community School Board. These amounts are included in the additions to the cost and accumulated depreciation of the assets.

**6. Long-term Debt**

The following is a summary of the changes in general long-term debt for the year ended June 30, 2004:

	<u>Balance</u> <u>6-30-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-04</u>
Bonds, Series 2004	\$ -	100,000	-	\$ 100,000
Revenue Anticipation Note	550,000	250,000	( 800,000)	-
Compensated Absences	<u>-</u>	<u>1,006,605</u>	<u>-</u>	<u>1,006,605</u>
Total	<u>\$ 550,000</u>	<u>\$ 1,356,605</u>	<u>(\$ 800,000)</u>	<u>\$ 1,106,605</u>

For the purpose of funding the start-up operations, the School Board has issued a \$800,000 revenue anticipation note to be advanced in installments, bearing interest at 3.5%. The principal balance of \$800,000 plus interest was paid in January 2004.

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 25 percent of the net assessed value of taxable property. At June 30, 2003, the net assessed value of taxable property for the parish was \$87,507,850, which would result in a \$21,876,963 long-term bonded debt limit.

On June 14, 2004, the School Board accepted a bid for the purchase of \$10,000,000 of General Obligation School Bonds, Series 2004, of the School District No. 1 of the Zachary Community, State of Louisiana to finance various construction and improvement projects. The School Board received \$100,000 from the bidder as a good faith deposit.

**7. Retirement Systems**

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. Retirement Systems (continued)**

**A. Teachers' Retirement System of Louisiana (TRS)**

*Plan Description.* The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

*Funding Policy.* Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 13.8 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board.

The School Board's contribution to the TRS for the year ended June 30, 2003, was \$1,227,198, equal to the required contributions for each year.

**B. Louisiana School Employees' Retirement System (LSERS)**

*Plan Description.* The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

*Funding Policy.* Plan members are required to contribute 7.5 percent of their annual covered salary and the School Board is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The School Board contributed \$28,735 to the LSERS for the year ending June 30, 2003.

**C. Postretirement Health Care Benefits**

The School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. Retirement Systems** (continued)

normal retirement age while working for the School Board. These benefits for retirees are provided through an insurance company whose monthly premiums are paid jointly by the retirees and by the School Board.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure when the premiums are due. The School Board's cost of providing all health care benefits to the retired employees amounted to \$995,146 for 2003.

**8. Changes in Agency Deposits Due Others**

A summary of changes in agency fund deposits due others are as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance end of year</u>
School Activity Agency Fund	\$ -	\$ 1,545,422	(\$ 1,181,828)	\$ 363,594

**10. Litigation and Claims**

The School Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**11. Deficit Fund Equity**

The School Food Service Fund has a deficit of \$148,913 in unreserved fund balance at June 30, 2004. The school year 2003-2004 was the first year of school operations for the School Board. Management will transfer funds from the General Fund to cover the deficit.



**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**MAJOR FUND DESCRIPTIONS**

**GENERAL FUND**

The General Fund is used to account for resources traditionally associated with the School Board which are not required legally or by sound financial management to be accounted for in another fund.

**School Food Service Fund**

The School Food Service Fund includes lunch and breakfast and is used to account for the operations of the school food service programs in the parish school system during the regular school term. The basic goals of the school food service programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for proceeds from bond issues and other sources of revenues dedicated for the renovation of the schools.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2004**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 2,691,852	\$ 2,691,852	\$ 3,811,429	\$ 1,119,577
Sales and use tax	5,780,883	5,780,883	5,262,071	(518,812)
Rentals, leases, and royalties	-	-	-	-
Food sales	-	-	-	-
Earnings on investments	1,000	1,000	15,665	14,665
Extended Day Program tuition	-	-	-	-
Other	250,000	250,000	104,691	(145,309)
State sources:				
Unrestricted grants-in-aid, MFP	9,800,000	9,800,000	11,973,374	2,173,374
Restricted grants-in-aid	315,000	315,000	458,224	143,224
Other	63,500	63,500	58,677	(4,823)
Federal sources:				
Restricted grants-in-aid-direct	35,000	42,401	44,636	2,235
Restricted grants-in-aid-subgrants	-	-	-	-
Commodities - United States Department of Agriculture	-	-	-	-
TOTAL REVENUES	18,937,235	18,944,636	21,728,767	2,784,131
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education programs	7,855,038	7,855,038	6,714,599	1,140,439
Special education programs	1,916,866	1,916,866	1,671,287	245,579
Other education programs	664,410	664,410	624,877	39,533
Support services:				
Pupil support services	643,820	643,820	690,096	(46,276)
Instructional staff services	523,412	523,412	508,545	14,867
General administration services	2,114,295	2,114,295	2,488,132	(373,837)
School administration services	885,534	885,534	879,590	5,944
Business and central services	740,721	740,721	908,011	(167,290)
Plant operation and maintenance	1,641,639	1,641,639	1,650,888	(9,249)
Transportation	1,151,500	1,151,500	1,177,061	(25,561)
Non-Instructional services:				
Food service	-	-	107	(107)
Community service programs	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
General administration	-	-	11,063	(11,063)
Principal retirement	-	-	800,000	(800,000)
Interest and bank charges	-	-	-	-
TOTAL EXPENDITURES	18,137,235	18,137,235	18,124,256	12,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	800,000	807,401	3,604,511	2,797,110
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	35,000	35,000	24,958	(10,042)
Proceeds from long-term debt	-	-	250,000	250,000
Proceeds from sale of fixed assets	-	-	16,249	16,249
TOTAL OTHER FINANCING SOURCES (USES)	35,000	35,000	291,207	256,207
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	835,000	842,401	3,895,718	3,053,317
Fund balance, June 30, 2003	(552,693)	(552,693)	(2,694)	549,999
FUND BALANCE, JUNE 30, 2004	\$ 282,307	\$ 289,708	\$ 3,893,024	\$ 3,603,316

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**  
**SCHOOL FOOD SERVICE**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2004**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Local sources:				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Rentals, leases, and royalties	-	-	-	-
Food sales	347,115	347,115	362,050	14,935
Earnings on investments	-	-	515	515
Extended Day Program tuition	-	-	-	-
Other	-	-	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	-	30,540	30,540
Restricted grants-in-aid	-	-	-	-
Other	-	-	-	-
Federal sources:				
Restricted grants-in-aid-direct	-	-	-	-
Restricted grants-in-aid-subgrants	883,446	883,446	508,011	(375,435)
Commodities - United States Department of Agriculture	-	-	74,903	74,903
TOTAL REVENUES	<u>1,230,561</u>	<u>1,230,561</u>	<u>976,019</u>	<u>(254,542)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction:				
Regular education programs	-	-	-	-
Special education programs	-	-	-	-
Other education programs	-	-	-	-
Support services:				
Pupil support services	-	-	-	-
Instructional staff services	-	-	-	-
General administration services	-	-	-	-
School administration services	-	-	-	-
Business and central services	-	-	-	-
Plant operation and maintenance	-	-	-	-
Transportation	-	-	-	-
Non-Instructional services:				
Food service	1,230,561	1,230,561	1,124,932	105,629
Community service programs	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
General administration	-	-	-	-
Principal retirement	-	-	-	-
Interest and bank charges	-	-	-	-
TOTAL EXPENDITURES	<u>1,230,561</u>	<u>1,230,561</u>	<u>1,124,932</u>	<u>105,629</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(148,913)</u>	<u>(148,913)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USE	-	-	(148,913)	(148,913)
Fund balance, June 30, 2003	-	-	-	-
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (148,913)</u>	<u>\$ (148,913)</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR FUND DESCRIPTIONS**

**Title IV**

The Title IV School Program is a federally funded program which provides drug abuse and prevention education for all students.

**Title I**

*Title I* includes programs primarily in the areas of reading and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funding for teachers, aids, instructional materials, equipment and parental involvement.

**Title V**

The Title V program is a federally funded program which provides funding for comprehensive systematic school reform, upgrade of instructional and professional development, strengthening of accountability, and promoting the coordination of resources to improve education for all children.

**Special Education**

*IDEA B* (Individuals with Disabilities Educational Act - Part B) is a federally funded program designed to assist states in providing free, appropriate education to all handicapped children from 3 to 21 years of age in the least restrictive environment.

*Preschool Grant* is a federally funded program designed to provide special education and related services and develop a statewide comprehensive delivery system for children with disabilities from birth to five years of age.

**Education for Economic Security Act - Title II**

Education for Economic Security Act - Title II is a federally funded program to provide financial assistance to improve the skills of teaching and instruction in mathematics, science, computer learning, and foreign languages; and increase the access of all students to this instruction.

**Vocational Education (Carl Perkins)**

Vocational Education is a federally funded program restricted to expenditures for salaries, supplies, and equipment to be used in vocational education programs.

**Art Z Fund**

The ARTZ Fund is a program to provide for artists in the classrooms, school art activities, art materials, art equipment, art consultants and teachers training which is funded by fundraising activities of parents and teachers.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR FUND DESCRIPTIONS**

**Starlab Fund**

STARLAB is a fund financed through fundraising by parents and teachers and donations to facilitate the use of miniature planetarium entitled STARLAB. Funds are used for teacher training, instructional materials, consultants, and equipment maintenance.

**Educational Technology**

The Educational Technology Fund is a state funded program that is part of the No Child Left Behind Program. The purpose of these funds is to increase and enhance the technology abilities of both teachers and students, involve parents in the use of technology and increase the availability of technology hardware and software.

**Debt Service Fund**

The Debt Service Fund is used to pay the expenses associated with the 2004 bond issue. The bonds were issued by the School Board for the purpose of acquiring land, buildings, and furnishings.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR GOVERNMENTAL FUNDS-**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2004**

	<u>Title IV</u>	<u>Title I</u>	<u>Title V</u>	<u>Spec Ed</u>	<u>Title II</u>	<u>Voc Ed</u>
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	-
Investments	-	-	-	-	-	-
Receivables	3,425	124,863	2,447	147,551	89,593	9,527
Inventory	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,425</b>	<b>\$ 124,863</b>	<b>\$ 2,447</b>	<b>\$ 147,551</b>	<b>\$ 89,593</b>	<b>\$ 9,527</b>
<b><u>Liabilities and Fund Equity</u></b>						
<b>Liabilities:</b>						
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ 761	\$ 1,442	-
Deferred revenues	-	-	-	-	-	-
Due to other funds	3,425	124,863	2,447	146,790	88,151	9,527
<b>Total liabilities</b>	<b>3,425</b>	<b>124,863</b>	<b>2,447</b>	<b>147,551</b>	<b>89,593</b>	<b>9,527</b>
<b>Fund equity:</b>						
Fund balance	-	-	-	-	-	-
<b>Total liabilities and fund equity</b>	<b>\$ 3,425</b>	<b>\$ 124,863</b>	<b>\$ 2,447</b>	<b>\$ 147,551</b>	<b>\$ 89,593</b>	<b>\$ 9,527</b>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR GOVERNMENTAL FUNDS-**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2004**

	<u>Art Z Fund</u>	<u>StarLab</u>	<u>Ed. Tech.</u>	<u>Debt Service</u>	<u>Total</u>
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 6,077	\$ 2,184	\$ -	\$ -	\$ 8,261
Investments	-	-	-	-	-
Receivables	-	-	16,342	-	393,748
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	5,850	5,850
Total assets	\$ <u>6,077</u>	\$ <u>2,184</u>	\$ <u>16,342</u>	\$ <u>5,850</u>	\$ <u>402,009</u>
<b><u>Liabilities and Fund Equity</u></b>					
<b>Liabilities:</b>					
Salaries, payroll deductions, and expenses payable	\$ -	\$ 628	\$ -	\$ -	\$ 2,831
Deferred revenues	-	-	-	-	-
Due to other funds	-	-	16,342	5,850	397,395
Total liabilities	-	628	16,342	5,850	400,226
<b>Fund equity:</b>					
Fund balance	<u>6,077</u>	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>7,633</u>
Total liabilities and fund equity	\$ <u>6,077</u>	\$ <u>2,184</u>	\$ <u>16,342</u>	\$ <u>5,850</u>	\$ <u>407,859</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Title IV</u>	<u>Title I</u>	<u>Title V</u>	<u>Spec Ed</u>	<u>Title II</u>	<u>Voc Ed</u>
<b><u>Revenues</u></b>						
Local sources:						
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other	-	-	-	-	-	-
State sources:						
Unrestricted grants-in-aid	-	-	-	-	-	-
Restricted grants-in-aid	-	-	-	8,149	-	-
Federal sources:						
Restricted grants-in-aid - subgrants	3,425	319,396	2,447	263,594	89,225	40,723
Commodities - United States	-	-	-	-	-	-
Department of Agriculture	-	-	-	-	-	-
Total revenues	<u>3,425</u>	<u>319,396</u>	<u>2,447</u>	<u>271,743</u>	<u>89,225</u>	<u>40,723</u>
<b><u>Expenditures</u></b>						
Instruction:						
Regular education programs	-	104,514	-	-	7,520	4,055
Special education programs	-	-	-	118,587	1,174	-
Other education programs	3,259	204,948	2,329	-	20,191	7,207
Support services:						
Pupil support services	-	-	-	46,199	-	-
Instructional staff services	-	-	-	85,922	43,217	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business and central services	-	-	-	3,601	14,082	29,461
Plant operation and maintenance	-	-	-	-	-	-
Transportation	-	-	-	5,735	-	-
Non-Instructional Services:						
School food service	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-
Total expenditures	<u>3,259</u>	<u>309,462</u>	<u>2,329</u>	<u>260,044</u>	<u>86,184</u>	<u>40,723</u>
Excess (deficiency) of revenues over expenditures	<u>166</u>	<u>9,934</u>	<u>118</u>	<u>11,699</u>	<u>3,041</u>	<u>-</u>
Other financing sources (uses)						
Operating transfers out	(166)	(9,934)	(118)	(11,699)	(3,041)	-
Operating transfers in	-	-	-	-	-	-
Total other sources (uses)	<u>(166)</u>	<u>(9,934)</u>	<u>(118)</u>	<u>(11,699)</u>	<u>(3,041)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>



**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Art Z Fund</u>	<u>Starlab</u>	<u>Ed Tech</u>	<u>Debt Service</u>	<u>Total</u>
<b><u>Revenues</u></b>					
Local sources:					
Food sales	\$ -	\$ -	\$ -	\$ -	-
Earnings on investments	-	-	-	-	-
Other	15,418	2,880	-	-	18,298
State sources:					
Unrestricted grants-in-aid	-	-	-	-	-
Restricted grants-in-aid	-	-	16,342	-	24,491
Federal sources:					
Restricted grants-in-aid - subgrants	-	-	-	-	718,810
Commodities - United States	-	-	-	-	-
Department of Agriculture	-	-	-	-	-
Total revenues	<u>15,418</u>	<u>2,880</u>	<u>16,342</u>	<u>-</u>	<u>761,599</u>
<b><u>Expenditures</u></b>					
Instruction:					
Regular education programs	2,184	690	-	-	118,963
Special education programs	-	-	-	-	119,761
Other education programs	-	-	-	-	237,934
Support services:					
Pupil support services	7,150	216	-	-	53,565
Instructional staff services	-	418	4,318	-	133,875
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business and central services	7	-	12,024	-	59,175
Plant operation and maintenance	-	-	-	-	-
Transportation	-	-	-	-	5,735
Non-Instructional Services:					
School food service	-	-	-	-	-
Community service programs	-	-	-	-	-
Total expenditures	<u>9,341</u>	<u>1,324</u>	<u>16,342</u>	<u>-</u>	<u>729,008</u>
Excess (deficiency) of revenues over expenditures	<u>6,077</u>	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>32,591</u>
Other financing sources (uses)					
Operating transfers out	-	-	-	-	(24,958)
Operating transfers in	-	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,958)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>6,077</u>	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>7,633</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>6,077</u>	\$ <u>1,556</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,633</u>

(Concluded)

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**SCHEDULE OF BOARD MEMBERS' COMPENSATION**

**FOR THE YEAR ENDED JUNE 30, 2004**

Lynda Coleman	\$ 3,600
Danny Davis	3,600
David Dayton	900
Louise Horton	3,600
Mark Johnson	3,600
Beth Kimmel	3,600
Chip Moore	3,600
Carl Snowden	3,600
Terry Womack	2,769
Gaynell Young	<u>3,600</u>
 Total	 \$ <u>32,469</u>



**Postlethwaite & Netterville**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Zachary Community School Board  
Zachary, Louisiana

We have audited the financial statements of the Zachary Community School Board as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Zachary Community School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Zachary Community School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School Board, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 10, 2004



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Zachary Community School Board  
Zachary, Louisiana

Compliance

We have audited the compliance of the Zachary Community School Board with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Zachary Community School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Zachary Community School Board's management. Our responsibility is to express an opinion on the Zachary Community School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Zachary Community School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Zachary Community School Board's compliance with those requirements.

In our opinion, the Zachary Community School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

### Internal Control Over Compliance

The management of the Zachary Community School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Zachary Community School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Zachary Community School Board as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the School Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Porter & Nettleton*

Baton Rouge, Louisiana  
December 10, 2004

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2004</u>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution	LDE/103-63	10.550	\$ 74,903
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE/103-63	10.555	395,702
National School Breakfast Program	LDE/103-63	10.553	112,309
Subtotal			<u>582,914</u>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	04-T1-67	84.010A	319,396
Individuals with Disabilities Educational Act - Part B	28-04-B1-67	84.027A	253,448
IDEA - Preschool	28-04P1-67	84.173A	10,146
Carl Perkins Grant	280402-67	84.048A	40,723
Title V - Innovative Education Program Strategies	04-80-67	84.298A	2,447
Title II - Part A, Teacher & Principal Training & Recruiting	04-50-67	84.367A	89,225
Title IV - Drug-Free Schools and Communities - State Grants	04-70-67	84.186A	3,425
Subtotal			<u>718,810</u>
<b><u>UNITED STATES DEPARTMENT OF DEFENSE</u></b>			
ROTC - Navy Junior Reserve Officers Training Program - (Direct Funding)	LA111111	None	<u>44,636</u>
 Total Expenditures			 \$ <u>1,346,360</u>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Zachary Community School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2004, the organization had food commodities totaling \$12,850 in inventory.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Zachary Community School Board.
2. No reportable conditions relating to the audit of the financial statements of Zachary Community School Board are reported in Part B of this Schedule.
3. No instances of noncompliance material to the financial statements of Zachary Community School Board are reported in Part B of this Schedule.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for Part B expresses an unqualified opinion.
6. There is one audit finding relative to the major federal award programs for Zachary Community School Board.
7. The programs tested as a major program were Title I - CFDA Number 84.010A and National School Breakfast and Lunch and Service Programs - CDFA Number 10.553 and 10.555.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Zachary Community School Board was determined to be a high-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None



**ZACHARY COMMUNITY SCHOOL BOARD**  
**ZACHARY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2004-1 Eligibility – Title One**

<u>Criteria:</u>	The School Board operated a targeted assistance program at one of the three schools which have Title I funds. Title One regulations require LEA's operating a targeted assistance program to identify and serve those students most at risk of substandard academic performance. Students should be selected for program participation according to established written criteria.
<u>Condition:</u>	The School Board did not maintain its documentation of how it determined which children were qualified to receive assistance.
<u>Effect:</u>	We could not perform tests to determine how the children served ranked in the selection criteria.
<u>Recommendation:</u>	To strengthen internal controls over selection of eligible students, a centralized database should be kept containing pertinent demographic data and services received for children participating in the targeted assistance program.



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**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

To the Members of the  
Zachary Community School Board

Page 1 of 4

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Zachary Community School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Zachary Community School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule A)**

**Procedure #1:**

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Results of procedure # 1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

**Education Levels of Public School Staff (Schedule B)**

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule D) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure # 2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, or between the schedules and the Oct. 1 payroll records.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule D) to the combined total of principals and assistant principals per this schedule and to school board supporting payroll records as of October 1st.

Results of procedure # 3

No differences were noted between the number of principals and assistant principals per schedule D and schedule B, or between the schedules and the Oct. 1 payroll records.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Results of Procedure # 4:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

**Number and Type of Public Schools (Schedule C)**

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the National School Lunch Program (CFDA 10.555) application.

Results of Procedure # 5:

We noted no discrepancies between the schools as listed in the National School Lunch Program application and the list supporting the schools represented in the schedule.

Experience of Public Principals and Full-time Classroom Teachers (Schedule D)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Results of Procedure # 6:

In our sample of 25 employees, the experience levels of the principals and assistant principals on the aforementioned listing did not agree to the schedule.

Public Staff Data (Schedule E)

Procedure # 7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Results of procedure # 7:

In our sample of 25, we noted reasonableness between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the aforementioned listing. Note that reasonableness is considered because the actual pay that was used in the computation of the average and the annual salary the salary schedule may be different due to docs in pay or other factors.

Procedure # 8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of procedure # 8:

We noted no differences in the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule F)

Procedure # 9

We obtained a list of teachers and the classes that they teach with the class size and reconciled that list to the total classes for each class size category as reported on the schedule. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Results of Procedure # 9

Page 4 of 4

In our sample of 10 classes, 9 of the 10 had discrepancies between the aforementioned listing and the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule G)

Procedure # 10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Zachary Community School Board.

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule H)

Procedure # 11

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Zachary Community School Board.

Results of Procedure #11

No differences were noted.

The Iowa Tests (Schedule I)

Procedure # 12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Zachary Community School Board.

Results of Procedure # 12

No differences were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Zachary Community School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Pattethaneth A. Mettewill*

December 10, 2004

**ZACHARY COOMUNITY SCHOOL BOARD**

**ZACHARY, LOUISIANA**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)**

**As of and for the Year Ended June 30, 2004**

**Schedule A - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule B - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule C - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

**Schedule D - Experience of Public Teachers and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule E - Public School Staff Data**

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule F - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

**Schedule G - Louisiana Educational Assessment Program (LEAP)**

*This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.*

**Schedule H - The Graduation Exit Exam**

*This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.*

**Schedule I - The IOWA Tests**

*This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.*

**ZACHARY COMMUNITY SCHOOL BOARD**  
**PERFORMANCE AND STATISTICAL DATA**



## Schedule A

**ZACHARY COMMUNITY SCHOOL BOARD**  
**Zachary, Louisiana**

**General Fund Instructional and Support Expenditures  
 and Certain Local Revenue Sources  
 For the Year Ended June 30, 2004**

**General Fund Instructional and Equipment Expenditures**

## General Fund Instructional Expenditures:

## Teacher and Student Interaction Activities:

Classroom Teacher Salaries	6301661	
Other Instructional Staff Activities	465773	
Employee Benefits	1754779	
Purchased Professional and Technical Services	58315	
Instructional Materials and Supplies	376258	
Instructional Equipment	9608	
Total Teacher and Student Interaction Activities		8966394

Other Instructional Activities		5874
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Pupil Support Activities	690097	
Less: Equipment for Pupil Support Activities	16970	
Net Pupil Support Activities		673127

Instructional Staff Services	512865	
Less: Equipment for Instructional Staff Services	0	
Net Instructional Staff Services		512865

Total General Fund Instructional Expenditures		10158260
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Total General Fund Equipment Expenditures		307771
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**Certain Local Revenue Sources**

## Local Taxation Revenue:

Constitutional Ad Valorem Taxes	432457	
Renewable Ad Valorem Tax	3303972	
Debt Service Ad Valorem Tax	0	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	75000	
Sales and Use Taxes	5262071	
Total Local Taxation Revenue		9073500

## Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	0	
Earnings from Other Real Property	0	
Total Local Earnings on Investment in Real Property		0

## State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	51338	
Revenue Sharing - Other Taxes	0	
Revenue Sharing - Excess Portion	0	
Other Revenue in Lieu of Taxes	0	
Total State Revenue in Lieu of Taxes		51338

Nonpublic Textbook Revenue		0
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Nonpublic Transportation Revenue		0
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**ZACHARY COMMUNITY SCHOOL BOARD**  
**Zachary, Louisiana**

**Education Levels of Public School Staff**  
**As of October 1, 2003**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.53	0	0	0	0	0	0
Bachelor's Degree	134	70.9	11	100	0	0	0	0
Master's Degree	41	21.69	0	0	6	60	0	0
Master's Degree + 30	12	6.35	0	0	3	30	0	0
Specialist in Education	1	0.53	0	0	1	10	0	0
Ph. D. or Ed. D.	0	0	0	0	0	0	0	0
<b>Total</b>	<b>189</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>10</b>	<b>100</b>	<b>0</b>	<b>0</b>

**ZACHARY COMMUNITY SCHOOL BOARD**  
**Zachary, Louisiana**

**Number and Type of Public Schools**  
**For the Year Ended June 30, 2004**

<b>Type</b>	<b>Number</b>
Elementary	2
Middle/Jr. High	1
Secondary	1
Combination	0
<b>Total</b>	<b>4</b>

*Note: Schools opened or closed during the fiscal year are included in this schedule.*

**ZACHARY COMMUNITY SCHOOL BOARD****Zachary, Louisiana****Experience of Public Principals and Full-time Classroom Teachers  
As of October 1, 2003**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	3	2	1	0	0	0	0	6
Principals	0	1	3	0	0	0	0	4
Classroom Teachers	30	17	45	28	25	18	37	200
<b>Total</b>	<b>33</b>	<b>20</b>	<b>49</b>	<b>28</b>	<b>25</b>	<b>18</b>	<b>37</b>	<b>210</b>

**ZACHARY COMMUNITY SCHOOL BOARD**

Zachary, Louisiana

**Public School Staff Data**

For the Year Ended June 30, 2004

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	31,508	30,933
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	31,081	30488
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	0	0

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**ZACHARY COMMUNITY SCHOOL BOARD**  
**Zachary, Louisiana**  
**Class Size Characteristics**  
**As of October 1, 2003**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	30.9%	89	67.6%	194	1.39%	4	0.0%	0
Elementary Activity Classes	18.3%	25	63.2%	86	18.38%	25	0.0%	0
Middle/Jr. High	56.3%	124	35.5%	78	8.18%	18	0.0%	0
Middle/Jr. High Activity Classes	13.7%	6	39.5%	17	46.51%	20	18.6%	8
High	42.4%	111	27.6%	72	29.89%	78	0.0%	0
High Activity Classes	81.8%	86	8.6%	9	9.52%	10	7.6%	8
Combination	0	0	0	0	0	0	0.0%	0
Combination Activity Classes	0	0	0	0	0	0	0	0

**Note:** The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**ZACHARY COMMUNITY SCHOOL BOARD**

Zachary, Louisiana

**Louisiana Educational Assessment Program (LEAP) for the 21st Century  
For the Year Ended June 30, 2004**

District Achievement Level Results	English Language Arts						Mathematics					
	2004		N/A		N/A		2004		N/A		N/A	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	12	4.9					13	5.3				
Proficient	75	30.9					55	22.6				
Basic	96	39.5					94	38.7				
Approaching Basic	43	17.7					50	20.6				
Unsatisfactory	17	7					31	12.8				
<b>Total</b>	<b>243</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>243</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

District Achievement Level Results	Science						Social Studies					
	2004		N/A		N/A		2004		N/A		N/A	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	6	2.5					2	0.1				
Proficient	55	23.2					32	13.9				
Basic	97	41.4					134	57.7				
Approaching Basic	56	24					54	22.8				
Unsatisfactory	21	8.9					13	5.5				
<b>Total</b>	<b>235</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>235</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ZACHARY COMMUNITY SCHOOL BOARD**

Zachary, Louisiana

The Graduation Exit Exam for the 21st Century  
For the Year Ended June 30, 2004

District Achievement Level Results	English Language Arts						Mathematics					
	2004		N/A		N/A		2004		N/A		N/A	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>												
Advanced	4	1.9					21	10				
Proficient	40	19.1					40	19				
Basic	99	47.4					91	43.4				
Approaching Basic	45	21.5					21	10				
Unsatisfactory	21	10.1					37	17.6				
<b>Total</b>	<b>209</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>210</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

District Achievement Level Results	Science						Social Studies					
	2004		N/A		N/A		2004		N/A		N/A	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>												
Advanced	11	5.2					1	0.5				
Proficient	40	18.8					26	12.2				
Basic	98	46					128	60				
Approaching Basic	38	17.8					37	17.4				
Unsatisfactory	26	12.2					21	9.9				
<b>Total</b>	<b>213</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>213</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**ZACHARY COMMUNITY SCHOOL BOARD**  
**Zachary, Louisiana**

**The IOWA Tests**  
**For the Year Ended June 30, 2004**

	Composite		
	2004	N/A	N/A
<b>Test of Basic Skills (ITBS)</b>			
Grade 3	68		
Grade 5	64		
Grade 6	64		
Grade 7	58		
<b>Tests of Educational Development (ITED)</b>			
Grade 9	56		

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.



## ZACHARY COMMUNITY SCHOOL BOARD

REACHING FOR HIGHER EDUCATION

December 21, 2004

Michael Schexnayder  
Posthlethwaite & Netterville  
Certified Public Accountants  
P.O. Box Box 1190  
Donaldsonville, LA 70346

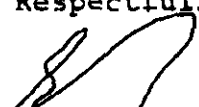
Dear Mr. Schexnayder:

With regard to the finding of the 2003-2004 financial and compliance audit of the Zachary Community School Board, the following response is submitted:

FINDING NUMBER 1: The Title One Program for the Targeted Assisted School (Northwestern Middle School) did not retain the listing of eligible students from which students to be serviced were selected.

RESPONSE: The Zachary Community School Board complied with all of the required regulations for the administration of Title One funds for Targeted Assisted Schools including preparing the listing of all students who were eligible for services. However, after the students were selected, the listing of eligible students was not retained as a permanent record. The Zachary Community School Board will ensure that in the future all documents used in the selection process of students at the Targeted Assisted school will be maintained as a permanent record for the required time period.

Respectfully yours,

  
Gordon Robertson, Jr.  
Business Manager



## ZACHARY COMMUNITY SCHOOL BOARD

REACHING FOR HIGHER EDUCATION

March 16, 2005

Michael Schexnayder  
Posthlerhwaite & Netterville  
Certified Public Accountants  
P.O. Box Box 1190  
Donaldsonville, LA 70346

Dear Mr. Schexnayder:

With regard to the findings relating to Procedure number 6 and Procedure number 9 of the Independent Accountant's Report on Applying Agreed-Upon Procedures, the following information is presented:

RESULTS OF PROCEDURE #6 - In our sample of 25 employees, the experience level of the principals and assistant principals on the aforementioned listing did not agree to the schedule.

RESPONSE: As a result of a clerical error, the experience level of principals and assistant principals as presented in Schedule D of the Independent Accountant's Report on Applying Agreed-Upon Procedures is their experience level as a principal or assistant principal rather than as a full-time classroom teacher. The Zachary Community School Board will ensure that future reports contain the correct information.

RESULTS OF PROCEDURE #9 - In our sample of 10 classes, 9 of the 10 had discrepancies between the aforementioned listing and the schedule.

RESPONSE: This was the first audit for the Zachary Community School Board and the first time that an audit included the Independent Accountant's Report on Applying Agreed-Upon Procedures. School Board personnel were not made aware of the requirements for Schedule F (Class Room Size Characteristics) until the final few days of the audit. The student information system being used at the

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H. Warren Drake Jr.  
Superintendent

Lynne Coleman  
President - Board

David Bayton  
Vice President - Board

Gaynell Young  
Director

Maria Johnson  
Director

Calvin Swanson  
Director

Daniel Davis  
Director

Louise Mott  
Director

Beth Kowalski  
Director

Chris Moore  
Director

time of the audit did not allow us to produce a master class schedule as of October 1, 2004. The information was obtained manually from what was thought to be a reliable source. Due to the time restraints for the completion of the annual audit, we were unable to completely verify the data. Now that we have a complete understanding concerning this schedule, the Zachary School Board will ensure that the proper records are used to collection information for Schedule F and that information concerning class room sizes is accurate.

Respectfully yours,



Gordon Robertson, Jr.  
Business Manager